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3/29/84

STATISTICAL BULLETIN

Statistical Reference Index
Acquisitions
4520 East West Highway - Suite 800
Bethesda, MD 20814

Highlights

- HIGHER INCOME GROWTH IS BOOSTING CONSUMER DEMAND, BUT LENDING RATES ARE DISCOURAGING CAR AND HOME SALES.
- TIGHT LABOR MARKETS ARE PUSHING UP HOURLY PAY RATES.
- VERY STRONG INDUSTRIAL GROWTH MAY KEEP FORCING UP WAGES AND SET OFF A NEW ROUND OF INFLATION.
- NEW ORDERS STILL RISING STRONGLY.
- ON THE INFLATION WATCH: PRICE INCREASES ARE NOW EVIDENT. INFLATION WILL RISE UNLESS THE ECONOMY COOLS.
- OUTLOOK • U.S. ECONOMIC GROWTH WILL MODERATE, STARTING IN THE SECOND QUARTER, LIMITING THE DAMAGE ON THE INFLATION FRONT.

Volume 22, No. 2, February, 1989

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The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

OVERVIEW: There is no longer any question about whether the lid is being kept on inflation. Inflationary signs are everywhere, including higher hourly pay rates and rising farm, raw material, wholesale, and even export price increases. And the U.S. economy is growing so fast that more inflation is almost a foregone conclusion.

For its part, the Federal Reserve has been tightening money growth and allowing interest rates to rise in order to avert an inflationary outbreak. Results to date appear limited to a slow down in home buying and car sales. The rest of the economy shows few signs of cooling. And with domestic interest rates making the dollar more attractive in international currency markets, further rate hikes to solve one problem may exacerbate others. The consensus of the **Economic Forecasts** is that economic growth will soon slacken but evidence to that effect will be slow to emerge.

DOMESTIC MARKET MONITOR

Already-strong labor markets surged in January, adding to inflation jitters. The rise in service jobs maintained its pace in January, but manufacturing hiring quickened. And with new jobs opening up, labor-force participation expanded—some people were induced to begin to job search in earnest. Moreover, to get the work done, employers also lengthened the average workweek. Finally, strong demand in these tight labor markets has helped drive up wages. The average hourly pay rate rose 0.6% in January, about the pace in wage increases over the prior three months.

Higher hourly pay rates will certainly boost consumer demand, as households spend the extra dollars in their paychecks. But higher costs of production will be passed along in the form of higher prices. There is concern that inflation pressures will mount over the next few months. Unit labor costs (hourly compensation less gains in output per hour worked) are already rising more sharply than at any time during this long expansion. Hourly pay rates now appear to be on a rising curve. The other bad news is that output per hour will almost surely be lower in 1989 than last year. Increases in unit labor costs, then, will quicken—as will price increases.

INCOME: Through December, job gains and higher hourly pay rates were boosting income gains. Wages in commodity-producing industry were 1.7% higher in December than three months earlier. Wages in the "other industry" category were 2.4% higher. Given the rise in jobs, hours worked, and hourly pay rates in January, that pace probably quickened, adding momentum to consumption.

Strong as income gains have been, nonwage income has been rising even faster. Total nonwage income was 2.9% higher in December than three months earlier, despite a dip in rental income. With interest rates on the rise, interest income has been spearheading these gains.

While consumer purchasing power has been quickening, borrowing increases have leveled off. Auto loans rose sharply in December, as the pace of car buying quickened. But after strong gains in October and November, the rise in credit-card use tailed off in December. With income gains on the upswing, consumer borrowing may also pick up—especially the use of credit cards, since their rates are relatively fixed.

Strong job gains and fatter wallets should be boosting consumer attitudes but they are not. The Conference Boards' **Consumer Confidence Index** was no higher in December 1988 than at mid-year, and it dipped to 115.3 (1985 = 100) in January. While consumers believe business conditions remain very strong, their expectations about job gains and pay hikes over the next six months are less sanguine. The **Expectations Component** stood at 103.3 in January versus a peak of 114.4 last May. Consumers appear convinced that the good times will soon give way to less expansive conditions.

SPENDING: With money to spend, and a willingness to spend, consumer demand remains bullish. Retail sales, except cars, were 1.7% higher in December than three months earlier. Indeed, sales of durable goods, except cars, were 3.3% higher. If consumer demand dampens as anticipated, it is likely to show up first in lower durable-goods sales.

New domestic **Automobile Sales** increased sharply in December, spurred by discount-loan promotions. Some of these promotions ended in January, as did the rise in sales. With auto loan rates moving higher, car sales are likely to continue to sag.

CONSTRUCTION: Home buying is another area where rising interest rates are having a dampening effect. Sales of new single-family homes were 3.2% lower in December than three months earlier. With mortgage rates likely to move still higher, the already depressed housing market will continue to decline.

Home construction, however, was still expanding through December: Single-unit housing starts were 3.9% higher than three months earlier and construction permits were up 9.2 percent. Given the mild weather this winter, especially in the northeast, those numbers overstate the case. In any event, the pace of home construction will slacken unless home buying begins to rise, an unlikely possibility. Rental housing construction is already softening.

Nonresidential construction, in line with an ongoing rise in business investment in general, is increasing. Although

Ken Goldstein, Editor

STATISTICAL BULLETIN (ISSN 0010-5554), published monthly by The Conference Board, Inc., 845 Third Avenue, New York, N.Y. 10022. Printed in New York, N.Y. Second-class postage paid at New York, N.Y. POSTMASTER: Send address changes to The Conference Board, 845 Third Avenue, New York, N.Y. 10022

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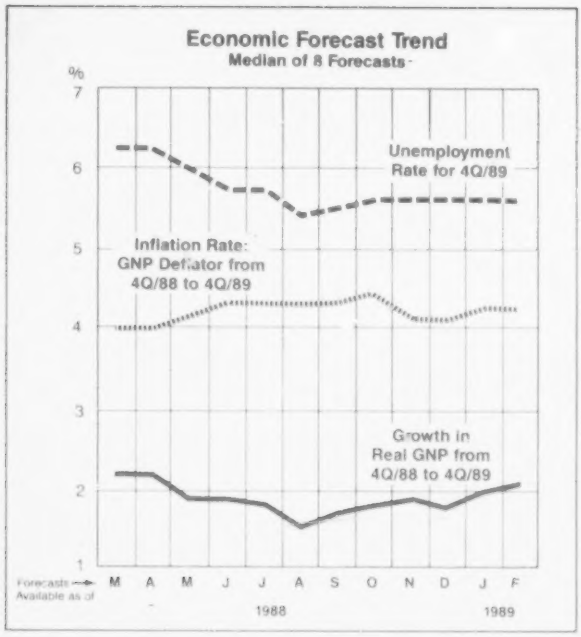


commercial building was lower in December than three months earlier, industrial and office building was rising. The gains in construction employment and hours worked in January suggest nonresidential construction continued to rise.

PRODUCTION: Though export growth has stalled, both consumer demand and business investment are quite vigorous and output growth has surged to meet that demand. Industrial output was 1.2% higher in December than three months earlier, despite a 0.7% cut in defense- and space-related output. In fact, consumer durable-goods output was a full 4.6% higher.

The rise in jobs and hours worked in manufacturing in January indicate that peak production schedules are being maintained. But with capacity utilization now at or above the 85% mark, even with an investment boom now entering its third year, some fear that demand will outstrip productive capacity and that shortages will fuel prices in at least some markets.

Although recent Conference Board surveys of consumers and business executives, as well as the consensus of the **Economic Forecasts**, anticipate a slowing in the long expansion, data on current activity show no signs of let up. For example, new orders for durables, except for defense-related materiel, were 3.1% higher in December than three months earlier. Moreover, another measure of the strength in industrial conditions, the ratio of new orders to shipments, was 1.5% higher in December than three months earlier, despite near-maximum production schedules.

INVENTORY: The problem right now may be too little, not too much, inventory. The Inventory-to-Sales ratios reflected fairly lean stocks through much of 1988. And lately, industrial sales have been rising faster than inventory, further reducing the I/S ratios. Inventories, except for cars at the retail level, were 1.2% higher in November than three months earlier, but sales were 1.5% higher.

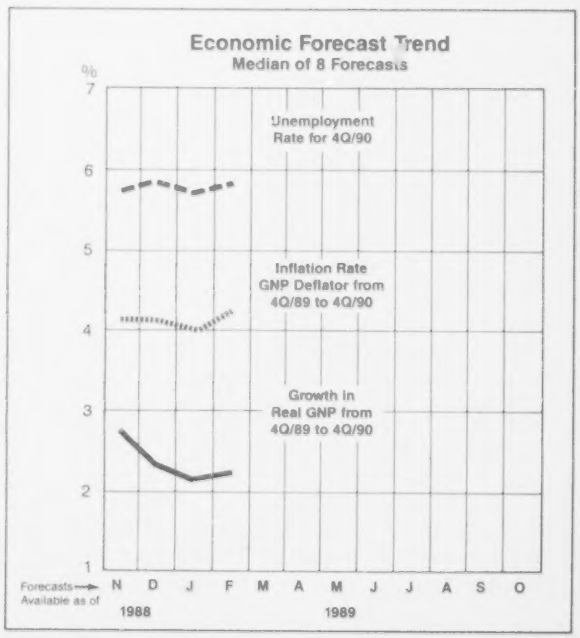
INFLATION: Both labor and nonlabor costs are rising faster. Prices for raw metals rose 8.9% in December, reflecting the surge in factory orders for primary metals. Meanwhile, farm prices rose 1.4% in January, double the rise in each of the prior two months. Those higher prices will flow through to food processors. But most importantly, wholesale prices for raw materials, except food and energy, were a full 3.4% higher in January than three months earlier. In fact, within hours of the release of that data in February, the prime interest rate was raised again.

INTERNATIONAL MONITOR

Trade conditions are now taking strength from, not adding strength to, the domestic economy. Total imports were no higher in November than three months earlier, despite rising consumer demand and business investment. However, continued gains in those two sectors will begin to pull in imports.

While import growth may resume, export growth will not. Exports of manufactured goods were 0.4% lower in November than three months earlier. Domestic interest rate increases over the last six months have helped strengthen the dollar, effectively raising the price of exports more than would otherwise be the case. For example, the prices of semi-finished goods exports rose at a 4.1% annual rate in the fourth quarter of 1988. Still higher domestic interest rates could quicken that pace, hindering already soft foreign sales.

Ken Goldstein
February 10, 1989

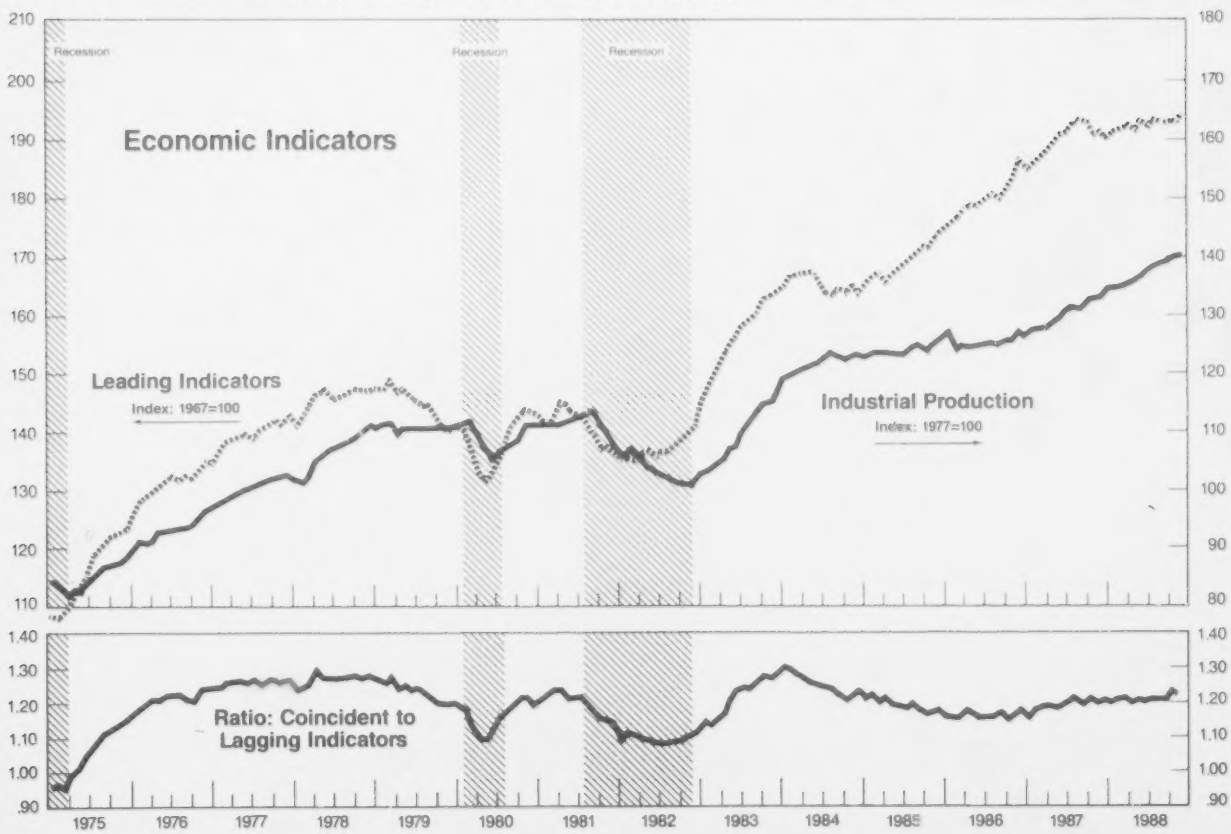


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Dec.	X			1.0%	2.0%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Dec.	X			7.3%	8.8%
New orders, nondefense capital goods (deflated)	Nov.			X	- 9.3%	14.7%
New business formation	Nov.	X			2.4%	3.3%
*Housing permits	Dec.	X			12.3%	14.2%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Dec.	X			5.8%	7.1%
*Change in inventory, on hand & order (deflated)	Nov.	X			47.5%	-56.5%
Purchasing manager's buying policy	Jan.		X		9.3%	- 2.1%
*Vendor performance, reported slower deliveries	Jan.			X	- 8.3%	-19.1%
Industrial raw materials prices	Dec.	X			3.3%	8.0%
*Change in sensitive material prices	Dec.		X		- 53.6%	- 82.9%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Dec.		X		0.0%	1.3%
Change in business loans	Nov.		X		80.7%	309.0%
*Change in credit outstanding	Nov.			X	-40.2%	10.3%
Change in consumer installment debt	Nov.			X	-15.9%	149.0%
Profitability						
Total corporate profits, after tax (deflated)	3rd.Q	X			3.4%	11.1%
*Common stock prices	Jan.	X			2.5%	13.5%
Marginal Employment Adjustments						
*Average workweek, mfg.	Jan.		X		- 0.2hr	- 0.1hr
*Initial unemployment claims (inverted)	Dec.			X	- 7.8%	2.2%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington, D.C.: Government Printing Office) May, 1977.

*These twelve series make up the Composite Leading Index charted below.



CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1987 Nov.	1988 Aug.	Sept.	Oct.	Nov.(e)
Principal Diffusion Index	60.3r	56.3r	56.1r	57.9r	54.6
Auxiliary Diffusion Index	36.5r	40.9r	49.2r	56.0r	39.3
Industrial Group	62.7r	54.5r	55.1r	57.9r	53.1
Nonindustrial Group	57.9r	58.1r	57.1r	57.9r	56.2
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	69.2	58.1	59.4r	60.3r	61.1
Labor	61.3r	53.8r	57.6r	62.6r	55.1
Miscellaneous	56.4	50.6	42.3	42.9	35.9
Nonindustrial Subgroups					
Prices	63.5	42.9	43.6	44.2	37.2
Consumer	59.8	68.2	63.2	69.0	68.8
Building	44.9	55.8	55.1r	55.1r	54.5
Miscellaneous	61.1r	59.8r	61.1r	57.7r	57.3

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

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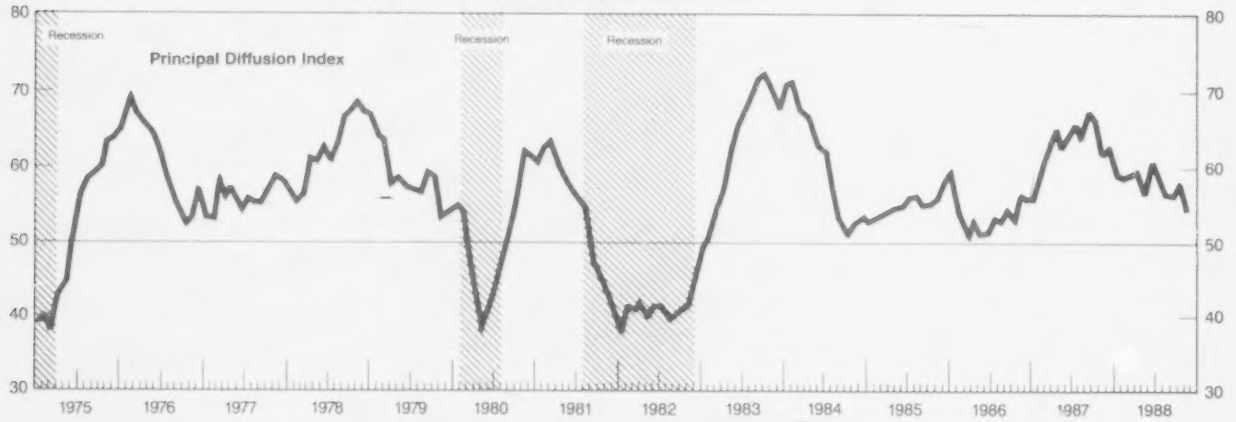
The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1985	*1986*				*1987*				*1988*		
	Nov.	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*
	Score (scale 0-100)											
Measure of Business Confidence	55	61	61	50	51	55	55	59	47	51	58	56
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	53	63	61	44	50	56	55	62	50	49	64	65
2. Expectations for Economy, Six Months Ahead	56	62	62	52	51	54	53	56	43	50	54	51
3. Expectations for Own Industry, Six Months Ahead	56	59	60	54	53	56	56	58	48	54	55	53

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[2] Economics Inc.		E.I. duPont[2] de Nemours & Co.		Georgia State University[2]	
Date of Forecast			*Jan., 1989*		*Jan., 1989*		*Jan., 1989*		*Jan., 1989*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1988**	**IV**			**$4989.9**	**6.8%**	**$4989.9**	**6.8%**	**$4989.9**	**6.8%**
Forecast	1989	I	$5101.0	8.8%	5104.1	9.5	5081.9	7.6	5099.1	9.0
		II	5164.6	5.1	5187.5	6.7	5148.7	5.3	5177.4	6.3
		III	5217.5	4.2	5241.3	4.2	5219.6	5.6	5269.2	7.3
		IV	5278.2	4.7	5289.7	3.7	5292.1	5.7	5356.0	6.8
	1990	I	5340.8	4.8	5364.3	5.8	5362.3	5.4	5436.8	6.2
		II	5410.7	5.3	5453.8	6.8	5442.2	6.1	5491.2	4.1
		III	5502.8	7.0	5548.8	7.2	5530.6	6.7	5554.7	4.7
		IV	5608.2	7.3	5650.4	7.5	5626.1	7.1	5647.6	6.9
	1991	I	5724.5	8.6						
	1988	**Annual**			**4861.8**	**7.4**	**4861.8**	**7.4**	**4861.8**	**7.4**
	1989	Annual	5190.3	6.7	5205.7	7.1	5185.6	6.7	5225.4	7.5
	1990	Annual	5465.6	5.3	5504.3	5.7	5490.3	5.9	5532.6	5.9
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1988**	**IV**			**$4029.2**	**2.0**	**$4029.2**	**2.0%**	**$4029.2**	**2.0%**
Forecast	1989	I	$4089.5	5.7%	4075.6	5.1	4072.0	4.3	4079.3	5.1
		II	4098.6	0.9	4102.2	2.2	4083.0	1.1	4099.3	2.0
		III	4095.2	-0.3	4099.3	-0.3	4097.0	1.4	4123.0	2.3
		IV	4099.3	0.4	4093.6	-0.6	4112.0	1.5	4142.3	1.9
	1990	I	4099.1	-0.0	4104.9	1.1	4128.0	1.6	4152.6	1.0
		II	4111.7	1.2	4131.1	2.6	4148.0	2.0	4144.3	-0.8
		III	4141.4	2.9	4160.5	2.9	4174.0	2.5	4148.4	0.4
		IV	4181.2	3.9	4191.9	3.1	4208.0	3.3	4174.1	2.5
	1991	I	4219.5	3.7						
	1988	**Annual**			**3995.0**	**3.8**	**3995.0**	**3.8**	**3995.0**	**3.8**
	1989	Annual	4095.7	2.5	4093.7	2.5	4091.0	2.4	4111.0	2.9
	1990	Annual	4133.4	0.9	4147.1	1.3	4164.5	1.8	4154.9	1.1
Gross National Product deflator Index, 1982 = 100										
Actual	**1988**	**IV**			**123.8**	**4.7%**	**123.8**	**4.7%**	**123.8**	**4.7%**
Forecast	1989	I	124.7	2.9%	125.1	4.2	124.8	3.1	125.0	3.8
		II	126.0	4.2	126.5	4.4	126.1	4.2	126.3	4.2
		III	127.4	4.5	127.9	4.5	127.4	4.2	127.8	4.8
		IV	128.8	4.3	129.2	4.3	128.7	4.1	129.3	4.8
	1990	I	130.3	4.8	130.7	4.6	129.9	3.8	130.9	5.1
		II	131.6	4.1	132.0	4.2	131.2	4.1	132.5	4.9
		III	132.9	3.9	133.4	4.2	132.5	4.0	133.9	4.3
		IV	134.1	3.8	134.8	4.3	133.7	3.7	135.3	4.3
	1991	I	135.7	4.7						
	1988	**Annual**			**121.7**	**3.4**	**121.7**	**3.4**	**121.7**	**3.4**
	1989	Annual	126.7	4.1	127.2	4.5	126.8	4.2	127.1	4.4
	1990	Annual	132.2	4.3	132.7	4.4	131.8	4.0	133.2	4.8
Unemployment Rate										
Actual	**1988**	**IV**		**5.3%**		**5.3%**		**5.3%**		**5.3%**
Forecast	1989	I		5.2		5.3		5.3		5.2
		II		5.2		5.3		5.4		5.0
		III		5.2		5.4		5.5		4.8
		IV		5.4		5.8		5.5		4.9
	1990	I		5.6		6.1		5.5		5.0
		II		5.8		6.3		5.6		5.2
		III		5.9		6.2		5.6		5.4
		IV		5.9		6.0		5.7		5.5
	1991	I		5.8						
	1988	**Annual**		**5.5**		**5.5**		**5.5**		**5.5**
	1989	Annual		5.2		5.5		5.4		5.0
	1990	Annual		5.8		6.2		5.6		5.3

Notes: [1]Based on revised (second revision) third quarter data.
[2]Based on preliminary fourth quarter data.

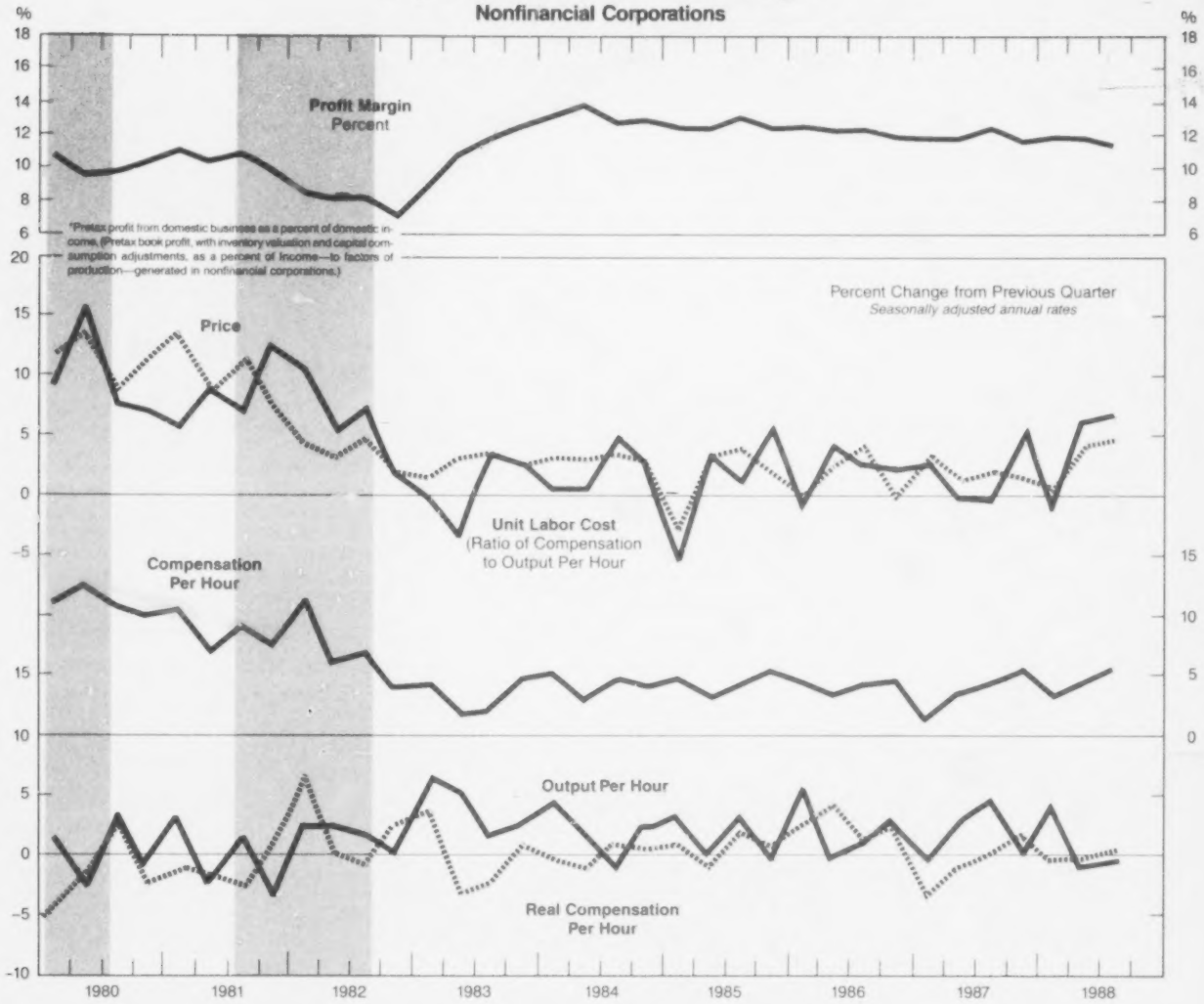
ECONOMIC FORECASTS (continued)

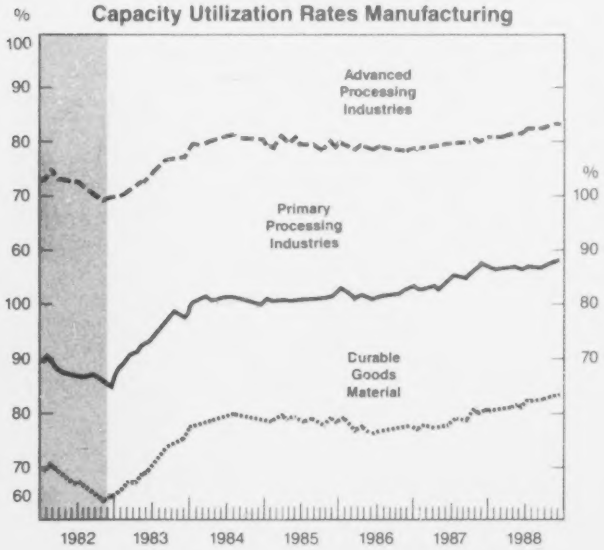
The Conference Board[2]		Laurence H. Meyer Associates, Inc.[1]		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
Jan., 1989		Jan., 1989		Jan., 1989		Jan., 1989		Date of Forecast		
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
$4989.9	**6.8%**	**$4989.9**	**6.8%**	**$4989.9**	**6.8%**	**$4989.9**	**6.8%**	**IV**	**1988**	**Actual**
5120.0	10.8	5099.0	9.0	5087.9	8.1	5099.2	9.1	I	1989	Forecast
5210.0	7.2	5168.6	5.6	5152.5	5.2	5181.5	6.6	II		
5273.0	4.9	5235.5	5.3	5214.9	4.9	5260.1	6.2	III		
5325.0	4.0	5309.7	5.8	5278.6	5.0	5347.5	6.8	IV		
5370.0	3.4	5406.9	7.5	5352.1	5.7	5429.0	6.2	I	1990	
5457.0	6.6	5490.9	6.4	5424.6	5.5	5518.8	6.8	II		
5555.0	7.4	5571.9	6.0	5507.1	6.2	5618.1	7.4	III		
5654.0	7.3	5659.0	6.4	5603.5	7.2	5714.9	7.1	IV		
				5724.0	8.9	5818.6	7.5	I	1991	
4861.8	**7.4**	**4861.8**	**7.4**	**4861.8**	**7.4**	**4861.8**	**7.4**	**Annual**	**1988**	
5232.0	7.6	5203.2	7.0	5183.5	6.6	5222.1	7.4	Annual	1989	
5509.0	5.3	5532.2	6.3	5471.8	5.6	5570.2	6.7	Annual	1990	
								Gross National Product Billions of Constant (1982) Dollars		
$4029.2	**2.0%**	**$4029.2**	**2.0%**	**$4029.2**	**2.0%**	**$4029.2**	**2.0%**	**IV**	**1988**	**Actual**
4086.2	5.8	4079.7	5.1	4079.6	5.1	4077.8	4.9	I	1989	Forecast
4108.7	2.2	4097.6	1.8	4094.4	1.5	4099.1	2.1	II		
4106.6	-0.2	4114.2	1.6	4103.8	0.9	4116.2	1.7	III		
4096.3	-1.0	4137.3	2.3	4118.2	1.4	4134.0	1.7	IV		
4080.9	-1.5	4167.7	3.0	4130.9	1.2	4149.2	1.5	I	1990	
4097.2	1.6	4190.5	2.2	4149.6	1.8	4173.3	2.3	II		
4120.8	2.3	4210.3	1.9	4174.7	2.4	4206.2	3.2	III		
4142.4	2.1	4234.7	2.3	4210.2	3.4	4237.2	3.0	IV		
				4253.6	4.2	4236.5	2.5	I	1991	
3995.0	**3.8**	**3995.0**	**3.8**	**3995.0**	**3.8**	**3995.0**	**3.8**	**Annual**	**1988**	
4099.5	2.6	4107.2	2.8	4099.0	2.6	4106.8	2.8	Annual	1989	
4110.3	0.3	4200.8	2.3	4166.4	1.6	4191.5	2.1	Annual	1990	
								Gross National Product deflator Index, 1982 = 100		
123.8	**4.7%**	**123.8**	**4.7%**	**123.8**	**4.7%**	**123.8**	**4.7%**	**IV**	**1988**	**Actual**
125.3	4.8	125.0	3.7	124.7	2.8	125.0	3.9	I	1989	Forecast
126.8	4.9	126.1	3.7	125.8	3.7	126.4	4.4	II		
128.4	5.1	127.3	3.6	127.1	4.0	127.8	4.5	III		
130.0	5.1	128.3	3.4	128.2	3.5	129.4	5.0	IV		
131.6	5.0	129.7	4.4	129.6	4.4	130.8	4.7	I	1990	
133.2	5.0	131.0	4.1	130.7	3.6	132.2	4.3	II		
134.8	4.9	132.3	4.1	131.9	3.7	133.6	4.1	III		
136.5	5.1	133.6	4.0	133.1	3.6	134.9	4.0	IV		
				134.6	4.5	136.5	4.8	I	1991	
121.7	**3.4**	**121.7**	**3.4**	**121.7**	**3.4**	**121.7**	**3.4**	**Annual**	**1988**	
127.6	4.9	126.7	4.1	126.5	3.9	127.1	4.5	Annual	1989	
134.0	5.0	131.7	4.0	131.3	3.9	132.9	4.5	Annual	1990	
								Unemployment Rate		
	5.3%		**5.3%**		**5.3%**		**5.3%**	**IV**	**1988**	**Actual**
	5.3		5.3		5.4		5.4	I	1989	Forecast
	5.3		5.3		5.5		5.3	II		
	5.6		5.3		5.5		5.6	III		
	5.9		5.3		5.6		5.6	IV		
	6.2		5.3		5.7		5.8	I	1990	
	6.2		5.3		5.8		5.8	II		
	6.1		5.3		5.8		5.8	III		
	5.9		5.3		5.8		5.8	IV		
					5.7		5.8	I	1991	
	5.5		**5.5**		**5.5**		**5.5**	**Annual**	**1988**	
	5.5		5.3		5.5		5.5	Annual	1989	
	6.1		5.3		5.8		5.8	Annual	1990	

CBDB

ATTENTION DATA USERS: All data in this publication are available ONLINE in our statistical database, CBDB. For more information, contact Linette Waters at (212) 759-0900.

Key Determinants of Profit Margin

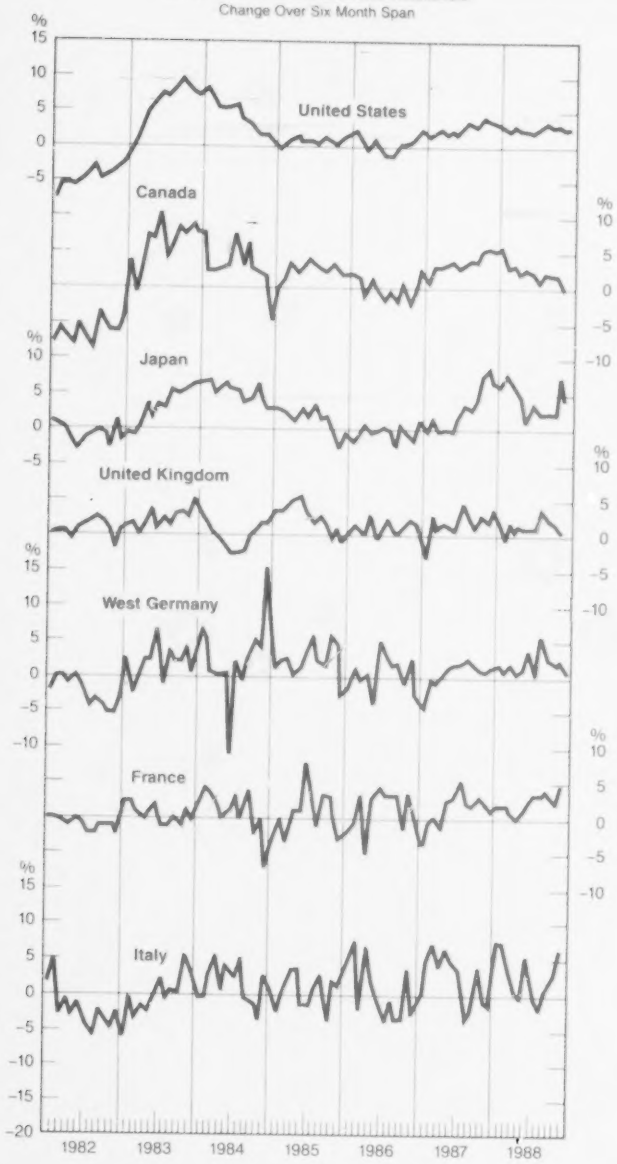




Selected International Comparisons

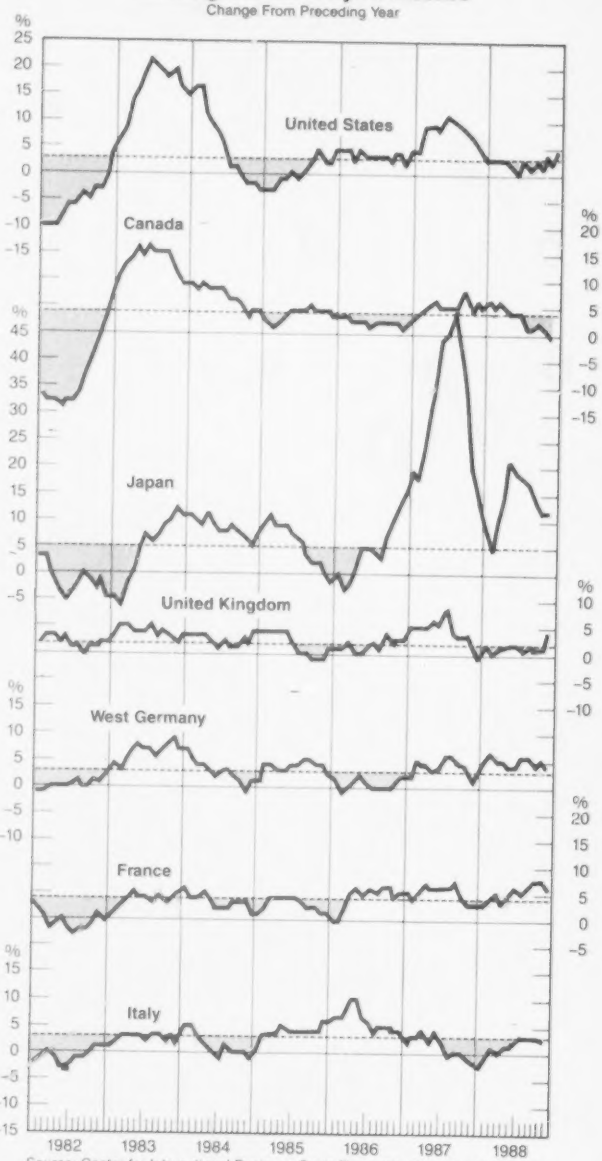
Industrial Production Indexes

Change Over Six Month Span



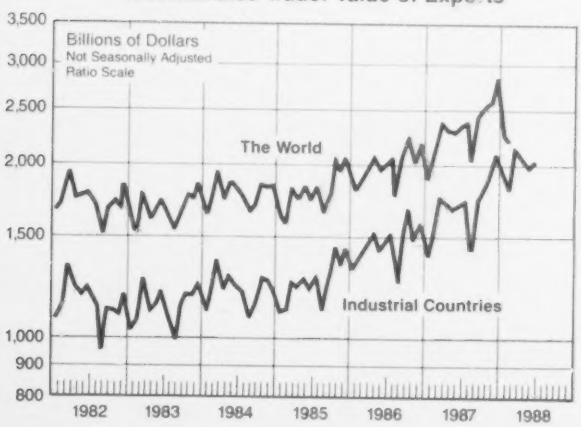
Leading Business Cycle Indexes

Change From Preceding Year

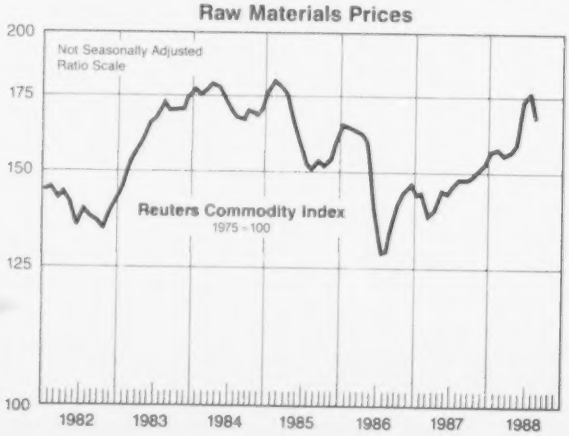


Source: Center for International Business Cycle Research, Columbia University

Merchandise Trade: Value of Exports



Raw Materials Prices



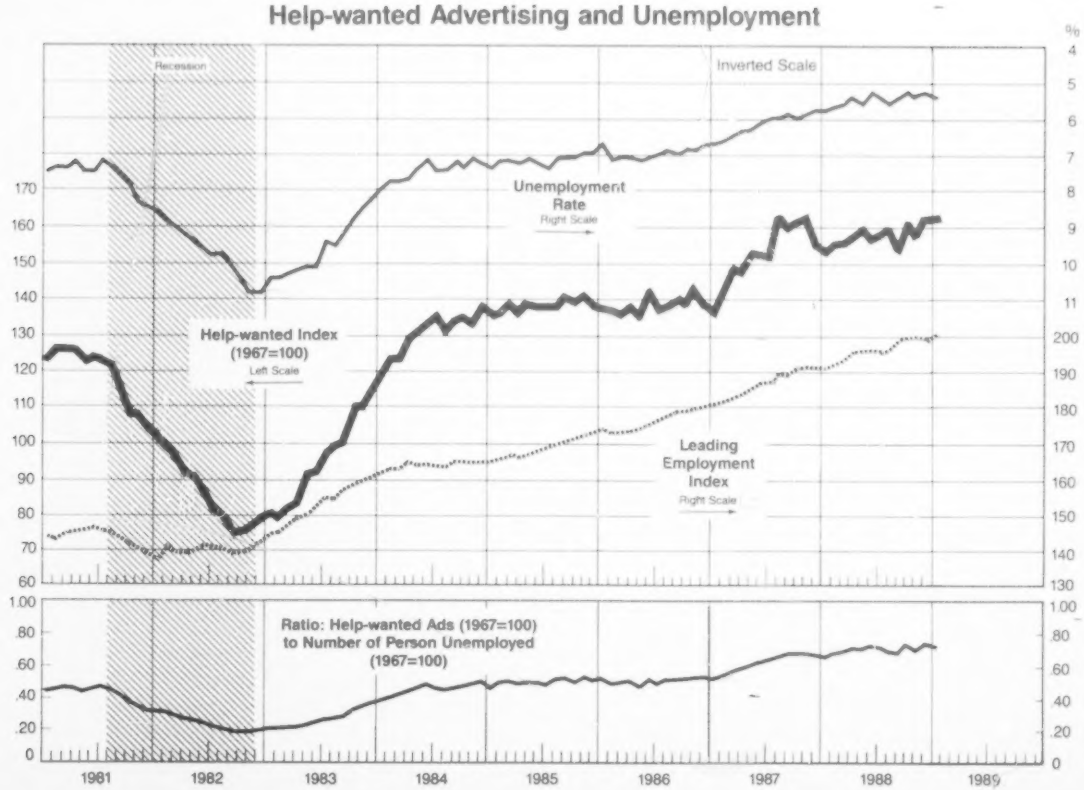
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEX

Seasonally Adjusted Indexes, 1967 = 100

Locality	1988 Dec.	1988 Nov.	1988 Oct.	1987 Dec.
National Index	161	157r	161	156
New England	138	136r	141	175
Boston	128	128r	136	172
Hartford	160	149	152	186
Providence	154	153	151	178
Middle Atlantic	86	84	88	89
Albany	214	208	219	227
Allentown	492	388	376	444
New York	56	55	58	63
Philadelphia	68	70	79	75
Pittsburgh	94	96	101	91
Rochester	101	105	112	95
Syracuse	162	169	172	143
East North Central	102	105	110	99
Chicago	105	105	110	108
Cincinnati	146	176	175	151
Cleveland	64	72	80	63
Columbus	163	169	183	171
Dayton	89	94	98	80
Detroit	61	60	65	54
Gary	198	198	207	174
Indianapolis	131	129	132	112
Milwaukee	103	101	95	93
Toledo	130	129	144	127
West North Central	98	98	105	94r
Kansas City	132	129	132	142
Minneapolis	83	89	96	77
Omaha	171	179	180	142r
St. Louis	74	67	78	68
South Atlantic	234	219r	221	222
Atlanta	262	276	267	275
Baltimore	334	272	273	289
Charlotte	207	204	212	196
Jacksonville	220	222r	225	233
Miami	172	170	177	166
Richmond	138	130r	154	149
Washington, D.C.	N.A.	N.A.	196	191
East South Central	172	175	192r	168
Birmingham	180	176	195	179
Knoxville	339	321	337	301
Louisville	N.A.	N.A.	104r	92
Memphis	135	134	155	136
Nashville	199	226	250	207
West South Central	192	186	181	176
Dallas	141	147	147	157
Houston	290	289r	262	253
New Orleans	143	126	129	128
Oklahoma City	122	111	124	107
San Antonio	178	153	157	156
Tulsa	158	143	156	129
Mountain	332	337	319	329
Denver	222	216	225	211
Phoenix	441	460	406	475
Salt Lake City	394	399	378	354
Pacific	273	263	271	251
Los Angeles	173	169	178	167
Sacramento	501	484	524	456
San Bernadino	337	340	318	300
San Diego	721	666	675	680
San Francisco	278	262	269	242
Seattle	285	287	284	233
Percentage of papers with rising volume	57	22	84	25
Unemployment rate	5.3	5.4	5.3	5.8

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



*Source: Center for International Business Cycle Research, Columbia University.

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND EXPECTATIONS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1985	102.0	103.1	96.1	104.4	99.6	102.6	103.2	100.9	96.0	96.1	98.1	98.2
1986	96.9	96.0	95.1	100.0	100.2	100.0	97.5	91.7	89.7	85.9	89.7	93.2
1987	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7
1988	109.9	114.9	112.7	115.7	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.3r
1989	115.3p											

Expectations Index

1985	102.5	103.9	95.9	105.1	99.6	102.7	102.5	102.1	96.3	94.5	96.8	98.2
1986	96.3	94.4	95.5	99.0	99.4	99.7	96.4	92.0	89.4	86.1	92.0	92.2
1987	85.6	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6
1988	102.2	105.5	104.9	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.6r
1989	103.3p											

Confidence Index measures consumer optimism in appraising economic conditions. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r-revised

Consumer Confidence and Expectations

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

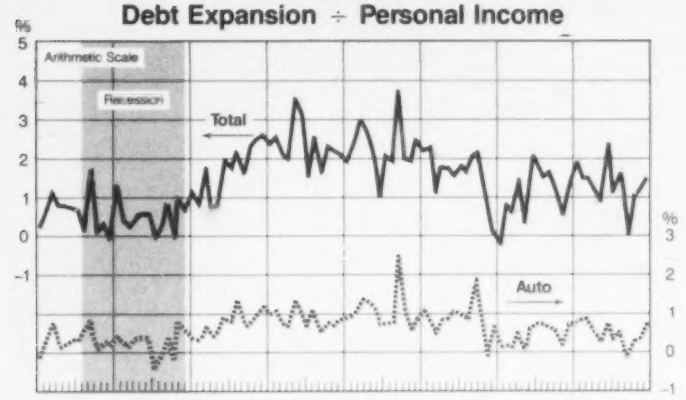
	1987				1988			Percent Change From Previous Year	
	I-87	II-87	III-87	IV-87	I-88	II-88(r)	III-88(p)	Actual 1988	Estimate 1989
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	21.441	32.257	29.561	35.909	30.846	40.686	39.092	23%	5%
Capital expenditures	20.801	25.933	27.381	29.820	29.412	31.718	33.548	26	18
Change in appropriations backlog*	-0.550	5.460	0.080	3.510	0.650	8.760	5.090		
Durable Goods									
New appropriations	9.746	16.515	17.208	20.245	14.310	20.261	19.907	20	21
Capital expenditures	11.124	14.006	13.970	16.037	15.780	16.910	18.346	26	24
Change in appropriations backlog*	-2.070	2.310	2.930	3.810	-1.600	3.670	1.420		
Nondurable Goods									
New appropriations	11.695	15.742	12.353	15.664	16.536	20.425	19.185	25	-4
Capital expenditures	9.677	11.927	13.411	13.783	13.632	14.808	15.202	26	13
Change in appropriations backlog*	1.520	3.160	-3.010	-0.300	2.250	5.090	3.670		
ELECTRIC & GAS UTILITIES									
New appropriations	6.528	5.605	5.174	6.286	8.083	4.439			
Capital expenditures	7.662	7.072	7.771	6.590	6.857	6.620			
Change in appropriations backlog*	-0.720	-1.510	-2.840	-0.430	1.235	-2.630			

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

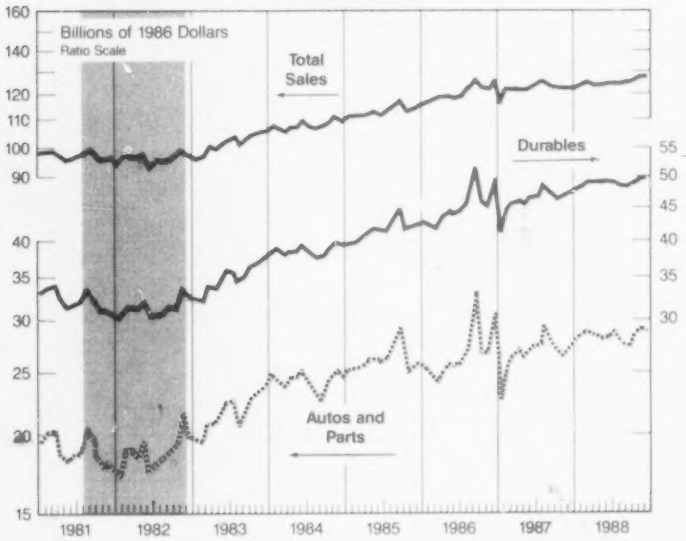
r—revised p—preliminary

* Change in Backlog = New Appropriations – (Expenditures + Cancellations and Other Adjustments).

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



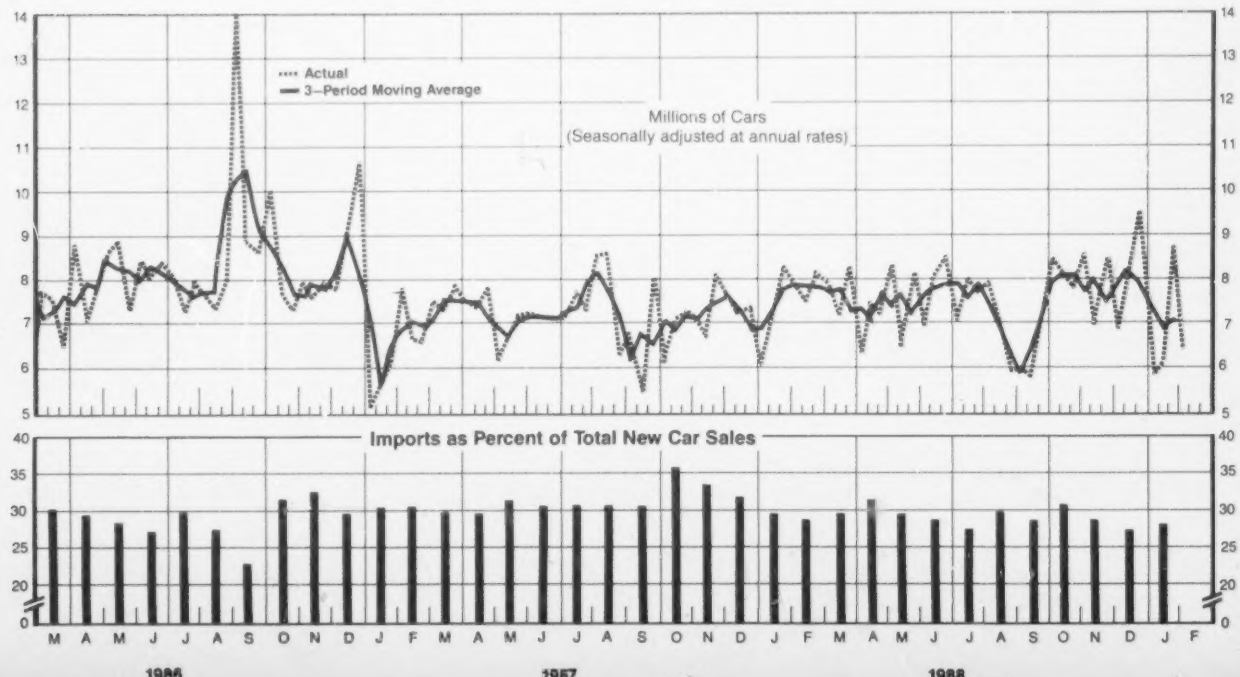
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1986	1987	1988	1989
January:	1-10	8.37	5.15	6.06	5.86
	11-20	8.74	5.52	7.29	6.06
	21-31	8.26	6.13	8.25	8.64
February:	1-10	7.88	7.78	7.83	6.40
	11-20	8.95	6.64	7.44	
	21-28(29)	6.15	6.58	8.17	
March:	1-10	7.69	7.53	7.81	
	11-20	7.57	7.27	7.13	
	21-31	6.52	7.81	8.28	
April:	1-10	8.79	7.48	6.33	
	11-20	7.06	7.34	7.43	
	21-30	7.75	7.76	7.23	
May:	1-10	8.62	6.16	8.36	
	11-20	8.86	6.66	6.53	
	21-31	7.33	7.19	8.12	
June:	1-10	8.48	7.21	6.88	
	11-20	8.04	7.13	8.00	
	21-30	8.39	7.09	8.48	
July:	1-10	8.10	7.10	7.02	
	11-20	7.28	7.68	7.99	
	21-31	7.97	7.29	7.69	
August:	1-10	7.63	6.55	7.95	
	11-20	7.34	8.60	7.01	
	21-31	8.08	6.26	5.92	
September:	1-10	14.00	6.74	5.93	
	11-20	8.83	5.45	5.80	
	21-30	8.62	8.03	7.40	
October:	1-10	10.04	6.13	8.43	
	11-20	7.67	7.10	8.08	
	21-31	7.27	7.24	7.78	
November:	1-10	7.96	7.15	8.55	
	11-20	7.59	6.68	6.97	
	21-30	7.89	8.09	8.46	
December:	1-10	7.75	7.60	6.84	
	11-20	8.77	7.22	8.31	
	21-31	10.68	7.31	9.54	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales


Actual
3-Period Moving Average
Millions of Cars
(Seasonally adjusted at annual rates)
Imports as Percent of Total New Car Sales
M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F
1986
1987
1988